BE THE DIFFERENCE THAT IMPACTS OUR WORLD.

Nedbank Group Limited **Unaudited Interim Results**

for the six months ended 30 June 2021

NEDBANK GROUP

HEADLINE EARNINGS	DHEPS	HEPS	BASIC EPS	DIVIDEND PER SHARE	ROE	REVENUE GROWTH	CLR	CET1 RATIO	NAV PER SHARE
R5 251m	1 067 cents	1 084 cents	1 081 cents	433 cents	▲11,7%	R27 602m	▼85 bps	▲12,2%	19 439 cents
▲148%	▲146%	▲147%	▲300%	(Interim)		▲2%			▲8%
(H1 2020: R2 114m)	(H1 2020: 434 cents)	(H1 2020: 438 cents)	(H1 2020: 270 cents)	(H1 2020: No interim dividend)	(H1 2020: 4,8%)	(H1 2020: R27 189m)	(H1 2020: 187 bps)	(H1 2020: 10,6%)	(H1 2020: 18 075 cents)

STRONG PERFORMANCE IN H1 2021

Operating conditions in the first half of 2021 were better than we expected at the start of the year. This was evident in upward revisions to GDP growth, vaccine rollouts gathering pace and positive developments on key reforms in SA. A 53-year low in interest rates supported robust demand for retail credit, while transactional activity increased off a low base and benefited from ongoing strong digital growth. Against this progress, demand for corporate loans remained muted and excess cash was used to repay debt, particularly in the commodity sector. The third wave of Covid-19 infections in SA led to the government imposing stricter adjusted level 4 lockdowns towards the end of June. More recently, civil unrest in parts of Gauteng and KwaZulu-Natal is expected to negatively impact economic growth, with damage to physical assets, temporary interruptions of supply chains and many people left without an income. Law and order and the protection of citizens and their assets are foundations for democracy, investment and economic activity, and it is important that steps are urgently put in place to prevent any recurrence and that those responsible are held accountable. It has been encouraging to see images of a united SA replace images of unrest and violence. Thousands of South Africans joined clean-up efforts, distributed food to communities in need, and generally spread a message of positivity and togetherness. Nedbank has joined these efforts and has positioned our support in a manner that will maximise the value we can provide to the country, in line with our purpose: to use our financial expertise to do good.

The Nedbank Group's financial performance in the first half of 2021 reflects a strong financial recovery off a low base, and key resilience metrics have all strengthened to above pre-crisis levels. Capital and liquidity ratios increased as reflected in our tier 1 capital ratio of 13,6% (Dec 2020: 12,1%), CET1 ratio of 12,2% (Dec 2020: 10,9%), average second-quarter LCR of 131% (Dec 2020: 126%) and NSFR of 114% (Dec 2020: 113%). Overall impairment coverage improved to multi-year highs of 3,41% (Dec 2020: 3,25%) and we increased our judgemental Covid-19 and macroeconomic overlays to R4,5bn (Dec 2020: R3,9bn).

We remain well prepared to manage risks associated with the impact of the third wave of Covid-19 infections, which appears to have passed its peak, the effect of the higher-than-expected lockdown restrictions during the third wave of infections and helping our clients deal with the residual impact of recent civil unrest in parts of SA.

Nedbank Group's HE in H1 2021 increased by 148% on H1 2020 to R5,3bn, but remains 24% below H1 2019 levels. HE growth benefited from significantly lower impairments, higher net interest margin and disciplined expense management. Underlying NIR was strong, due mainly to higher levels of client activity and strong insurance income, but this growth was negatively impacted by a high H1 2020 trading revenue base and an unwind of the prior-year fair-value gains. Key drivers of shareholder value creation also showed positive trends, with net asset value per share up 8% yoy, the group's ROE increasing to 11,7% (H1 2020: 4,8%) and our resumption of dividend payments, declaring an interim dividend of 433 cents per share.

Forecasting remains difficult in a volatile environment, but after lifting 2021 GDP forecasts to 5,0%, we currently expect the country's GDP to increase by 4,2% in 2021, taking into account the estimated 0,4% impact of recent civil unrest in addition to the 0,4% impact from the move to adjusted level 4 lockdown. Given progress on our strategy and the group's financial performance in H1 2021, our current guidance on financial performance for the full-year 2021 is to grow HEPS and EPS by more than 20%. Our medium-term targets* remain unchanged, as we aim to exceed our 2019 diluted HEPS level of 2 565 cents, achieve an ROE greater than the 2019 ROE level of 15%, reduce our cost-to-income ratio to below 54%, and rank number one on the NPS among South African banks by end 2023.

We thank all our committed Nedbank employees for remaining resilient during an extraordinarily difficult time, and for continuing to follow the Covid-19 health protocols while diligently supporting our clients and the economy throughout the Covid-19 crisis as well as the recent unrest in KwaZulu-Natal and parts of Gauteng. We extend our deepest condolences to the families, friends and communities of employees and clients who have lost their loved ones during this time.

Mike Brown
Chief Executive

11 August 2021

* *These targets are not profit forecasts and have not been reviewed or reported on by the group's joint auditors.*

PROGRESS ON OUR STRATEGY

Delivering market-leading client solutions

- Managed Evolution technology journey – **81% complete**
- **Digital sales: 54%** (of total sales, 53% in H1 2020)
- **Digitally active clients: 61%** (of total main-banked clients, 55% in H1 2020)
- Improved client satisfaction – **#2 in NPS and brand sentiment** among the big 5 South African banks

Driving efficient execution (TOM 2.0)

- TOM 1.0 benefits of **R2,0bn**
- Initial TOM 2.0 benefits of **R106m** (target of R2,5bn by 2023)
- Reduced headcount and branches by **6%** and **7%** over the past two years

Focusing on areas that create value (SPT 2.0)

- **Increased market share** in personal loans, overdrafts, card issuing and vehicle finance
- **Client gains**
  - » Main-banked clients in retail up by 2% to around 3,0 million and cross-sell ratio on new sales up to 1,9 times (1,4 times in H1 2020)
  - » 18 new primary clients in CIB
  - » Clients in Nedbank Africa Regions up by 14%

Creating positive impacts

- Commitment to **zero exposure to fossil-fuel-related activities by 2045**
- Raised **R910m** funding in Africa's first green AT1 instrument to support new green infrastructure projects

Ongoing disruptive market activities

- **Avo super app**
  - » 267 000 clients and 17 500 merchants
  - » Product orders up by 45% over the past two quarters
- **APIs**
  - » 29 third-party providers signed up
  - » 10 000 personal loans disbursed in Q2 2021
- **Karri app**
  - » Number of active schools up by 60% yoy

DELIVERING ON OUR PURPOSE OF USING OUR FINANCIAL EXPERTISE TO DO GOOD

ENVIRONMENTAL (E)

- **R29bn** renewable-energy finance since 2012
- **R8,6bn** green/SDG bonds issued and loans secured (#1 South African bank)
- **1st TCFD report** released in April 2021

SOCIAL (S)

- Female employees: **> 61%**
- ACI employees: **> 79%**
- Maintained **level 1 BBBEE status**
- **#PayIn30** 94% of suppliers paid in 30 days
- **> 1 900 youth employed** in 2021 as part of the Youth Employment Service
- **106 tons of food** delivered to employees, families and communities impacted by the recent riots

GOVERNANCE (G)

- Independent directors: **71%**
- Women on the board: **21%**
- Regular shareholder **engagements on ESG matters**
- ESG ratings:
  - » MSCI: **AA**
  - » FTSE Russell: **Top 6%**
  - » ISS: **Top 20% of banks**

RESILIENCE PHASE DELIVERED

ALL METRICS ABOVE 2019 LEVELS AND AT THE TOP END OF TARGETS

CET1 ratio: **12,2%**
LCR: **131%**
NSFR: **114%**
Coverage ratio: **3,41%**
Covid-19 and macroeconomic-related overlays: **R4,5bn**

For further information: This short-form announcement is the responsibility of the directors. It is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decision should be based on the full announcement made available on the JSE's website at **https://senspdf.jse.co.za/documents/2021/jse/isse/NED/ie2021.pdf** on Wednesday, 11 August 2021, and also available at **nedbankgroup.co.za**.

Copies of the full announcement may be requested by contacting Nedbank Group Investor Relations by email at **NedgroupIR@Nedbank.co.za** and are available for inspection at Nedbank Group's registered office at no charge on weekdays from 09:00 to 16:00 by appointment only, in accordance with Covid-19 restrictions. These results and additional information are available at nedbankgroup.co.za.

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Registered office	Nedbank 135 Rivonia Campus, 135 Rivonia Road, Sandown, Sandton, 2196 PO Box 1144, Johannesburg, 2000
Company Secretary	J Katzin
Sponsors in SA	Merrill Lynch SA Proprietary Limited, Nedbank Corporate and Investment Banking, a division of Nedbank Limited
Sponsor in Namibia	Old Mutual Investment Services (Namibia) (Proprietary) Limited
Reg no	1966/010630/06
JSE share code	NED
ISIN	ZAE000004875
NSX share code	NBK

ABBREVIATIONS

ACI	African, Coloured and Indian	HEPS	headline earnings per share
BBBEE	broad-based black economic empowerment	IFRS	International Financial Reporting Standards
bps	basis points	LCR	liquidity coverage ratio
CET1	common-equity tier 1	NAV	net asset value per share
CLR	credit loss ratio	NII	net interest income
DHEPS	diluted headline earnings per share	NIR	non-interest revenue
EPS	earnings per share	NSFR	net stable funding ratio
GDP	gross domestic product	ROE	return on equity
HE	headline earnings	SAcsi	The South African Customer Satisfaction Index
		SDGs	Sustainable Development Goals
		TCFD	Task Force on Climate-related Financial Disclosures

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